



informational

Bulletin

Brian Hamer, Director

Prepaid Wireless E911 Surcharge Rate Change

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

For information or forms
Visit our website at:
tax.illinois.gov

Call us at:
1 800 732-8866 or
217 782-3336

Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304

**To: All retailers and servicepersons filing
Form ST-1, Sales and Use Tax and E911
Surcharge Return, and making sales of prepaid
wireless telecommunications service in the city
of Chicago**

IMPORTANT: As part of the Department's cost-cutting measures and an ongoing effort to "go green," in the future we may no longer be mailing a Prepaid Wireless E911 Surcharge rate change bulletin to retailers. We will continue to post the bulletin on our website at tax.illinois.gov. Notification of a rate change bulletin will also appear in MyTax Illinois.

Effective **October 1, 2014**, the surcharge rate imposed in the city of Chicago on sales of prepaid wireless telecommunications service will increase from **7 percent (.07)** to **9 percent (.09)**.

You must adjust your cash register and any computer program so that beginning on October 1, 2014, you will collect and pay the correct surcharge. You need to contact your software vendor if you use software to create your forms.

What is the Prepaid Wireless E911 Surcharge?

The Prepaid Wireless E911 Surcharge is a charge imposed on the consumer, to be collected by the seller, when a retail transaction takes place that includes prepaid wireless telecommunications service.

IMPORTANT: The E911 Surcharge rate is only applied to the receipts from prepaid wireless telecommunications service sales. Other tangible personal property sold in the same transaction, such as batteries or electronic games, are not subject to the surcharge. If you sell services subject to the E911 Surcharge that are bundled with other tangible personal property, but you do not separate those services from the other items on the receipt or invoice, or if you do not otherwise document the separation in your records, the entire sale is subject to the E911 Surcharge. Retailers must disclose the surcharge by separately stating the figure on the receipt or invoice or through other documentation. Retailers' records must clearly identify the surcharge for retail transactions.

What is prepaid wireless telecommunications service?

Prepaid wireless telecommunications service is service for which the consumer must pay in advance and is sold in predetermined units or dollars. As the predetermined units are used, the amount remaining available for use declines in a known amount. Examples include prepaid calling cards and minutes added to "pay-as-you-go" phones.

How do I report sales subject to different surcharge rates?

If you have receipts from sales of prepaid wireless telecommunications service subject to both the new, October 1st Chicago surcharge rate, and the prior Chicago rate, you must report any sales at the prior rate using Line 3a of Schedule B on Form ST-1. Sales at the new surcharge rate will be reported on Line 2a.

Example:

You have \$500 in receipts for sales which occurred before October 1, 2014, and should be calculated at the prior rate of 7 percent. You also have \$1,000 in receipts for sales which occurred after October 1, 2014, and should be calculated at the current rate of 9 percent.

Complete Schedule B as follows:

2a	<u>\$1,000</u>	x	.09	=	2b	<u>\$90</u>
3a	<u>\$500</u>	x	.07	=	3b	<u>\$35</u>
4	Add Lines 2b and 3b.				4	<u>\$125</u>

Note: Only use Line 3a when you need to report sales subject to a surcharge rate that is different than the current rate. We do not permit use of Line 3a for any other purpose.

Is the Chicago Prepaid Wireless E911 Surcharge rate change permanent?

The legislation to increase the E911 Surcharge rate to 9 percent (.09) for the city of Chicago is only effective through June 30, 2015. On July 1, 2015, the E911 Surcharge rate for the city of Chicago will revert back to 7 percent (.07).